

## What to do if a PERSI member dies

- call us immediately
- follow up with an RS-109 & final contributions

### Call us Immediately

If one of your employees dies - and they were a PERSI member - we ask that you please let us know right away. With a quick phone call from you, we can start the paperwork necessary to pay a death benefit to the member's family or other beneficiaries.

A PERSI death benefit can be very valuable to the deceased's family, particularly if the PERSI member was the family's sole breadwinner.

Sometimes we do not learn of a death for months, leaving the member's family or beneficiaries in a financial lurch for an unnecessarily long time. If we hear of the death quickly, we can begin death benefit payments to the family or beneficiaries sooner.

To report the death of a PERSI member, please call Gerry Sjol at 800-451-8228 or 334-2451 x223.

### Follow up with an RS-109

After you've called to notify us, all you need to do for PERSI, is:

1) Complete an RS-109, Notice of Separation marking Box #13 and indicating the date of death, and

2) Send in appropriate employer and employee contributions on the member's final salary.

We'll handle the rest. You do not have to worry about explaining Death Benefits to members. We'll do that for you. But, should you wish to know about PERSI Death Benefits, here's more:

### Base Plan Death Benefits

Upon a member's death, the money in their Base Plan account, plus interest, is paid to individual(s) the member has designated.

*Contributions made by employers are not payable.* The methods of payment depend on the following:

#### Death Before Retirement

##### Non-Vested Members

If a member has less than 60 months of service, their designated beneficiary will receive a lump sum death benefit consisting of the member's Base Plan contributions plus interest.

##### Vested Members

If a member dies with 60 months or more of service while active or inactive, there are two options:

1. The beneficiary may receive two times the member's Base Plan contributions plus interest, or

2. If the member has a surviving spouse, the beneficiary may choose to waive their Base Plan lump sum death benefit to instead have a monthly allowance paid to the surviving spouse for his or her lifetime.

The amount of the monthly allowance is based on the member's age at death, that of their spouse, their total months of service and their average monthly salary. The allowance will be paid in the amount calculated under Option 1, 100% Contingent Annuitant Allowance.

In all cases, the beneficiary and surviving spouse will be notified of the value of the choices available.

#### Death After Retirement

Regardless of the option elected at retirement, a member's beneficiary will receive a lump sum death benefit IF both the member and their Contingent Annuitant (CA), if any, die and the total retirement payments to both, have not exceeded the total employee contributions and interest. Generally, after a member has been retired more than three or four years there is no money left in their account so there would be no

## Death benefits continued from front

death benefit payment for their beneficiary.

If a member retires under Option 1, 2 or 4, their Contingent Annuitant will receive a monthly income for life (instead of a lump sum death benefit) at the time of the member's death.

At retirement, a member may want to make sure that their CA and beneficiary are not the same person. That way, if both the member and their CA die, the beneficiary will receive a lump sum payment if there are still funds in the account.

### Death while on Disability Retirement

If a member dies while on Disability Retirement, there are two options:

1. The beneficiary may receive two times the amount in the member's Base Plan account at the time of disability minus any amount paid to the member, or
2. If the member has a surviving spouse, the beneficiary may choose to waive their lump sum death benefit to instead have a monthly allowance paid to the surviving spouse for his or her lifetime.

### Choice Plan Death Benefits

For the Choice Plan, the Death Benefits payable depend on the member's account balance and if the beneficiary is the member's surviving spouse.

If the beneficiary is not the member's surviving spouse, the beneficiary will receive a lump-sum payment of the member's Choice

Plan account balance.

If the member's Choice Plan account balance is more than \$5,000, a spouse beneficiary may choose options B, C, D, or E or a combination of them. If the account has \$5,000 or less, they may not choose option E.

**B. Lump Sum Distribution Paid Directly To You.** Any amounts payable that are eligible for rollover distributions will be subject to federal income tax withholding of up to 20% and applicable state income tax withholding. There may also be a federal 10% early distribution penalty if under age 59 1/2. Distributions that are not eligible for rollover generally will be subject to 10% federal withholding, unless you elect a different rate.

**C. Leave Funds in the Choice Plan.** Funds may be left in the Choice Plan until a later date. By leaving money in the Choice Plan, the member's spouse will defer paying taxes. *They will be responsible for the annual record keeping fees for this account (currently \$30 annually).*

**D. Rollover to an IRA or Eligible Retirement Plan.** The spouse may transfer the account balance via direct rollover into an Eligible Retirement Plan (*401k, 403a, 403b and 457*). or Individual Retirement Account (IRA). By transferring the money via direct rollover, they will defer paying taxes.

**E. Installment Payments.** A surviving spouse may receive monthly installment payments of the Choice Plan account. Monthly installments can be paid: 1) in a

fixed monthly amount, with such payments made until account exhaustion (not to exceed 120 months), or 2) in substantially equal payments over a fixed period. This option is only available if the account balance is more than \$5,000. *The surviving spouse will be responsible for the record keeping fees for the account (currently \$30 annually) during the time the installment payments are being made*.

### Naming or Changing a Beneficiary

When joining PERSI, members should make a beneficiary designation. They may name one person, several people, a charity, trust, estate or institution. With multiple beneficiaries, the benefit may be equal shares or varying amounts. If no beneficiary is named, payment falls under state laws of descent and distribution. Designations apply to both their PERSI Base and Choice Plans.

Beneficiaries are listed on PERSI's annual Base Plan Membership Statements. Beneficiary Designation (RS-115) forms should be updated when major life changes (marriage, divorce, birth or adoption, or death in the family) occur. Changes may be made at any time, but to be valid, the form must be signed and dated prior to the member's death and must be on file with PERSI.

Changing a PERSI beneficiary does not change the beneficiary on any other account or insurance, including NCPERS (Prudential). A change on any other account, insurance form or will does not change the PERSI beneficiary.